

Bank of America Mortgage to Lease™ Pilot Program

Executive Summary

- In addition to proprietary and government programs for homeowners in need of assistance, Bank of America continues to evaluate other solutions that meet the unique needs of our customers in need of assistance.
- Bank of America is driving innovative solutions to help strengthen neighborhoods and get the housing market back on track, including support for all major government and proprietary modification programs designed to help homeowners avoid foreclosure.
- Our efforts to date have enabled us to help more than 1.3 million customers avoid foreclosure through loan modifications, short sales and deeds in lieu since 2008. We are committed to exploring options to help homeowners avoid foreclosure.
- Bank of America will launch a unique Mortgage to Lease™ pilot program to determine customer interest, with a primary focus in the hardest-hit markets.
- This limited pilot program will be used to determine whether a similar program could be offered more broadly to customers in need of assistance.

Scenario for Customers

- Bank of America customers who have been 1) ineligible or non-responsive for a loan modification or other alternative to foreclosure, 2) who face certain foreclosure and 3) who meet specific eligibility criteria are identified for the pilot and contacted with a rental offer.
- If the customer is interested and their income is verified, a lease agreement is provided at or below market rate for up to three years with a rent increase of no more than five percent per year.
- The customer signs a lease agreement and transfers ownership of the property to the Bank by completing a deed in lieu of foreclosure.
- The outstanding mortgage debt is forgiven and any deficiency judgment waived.

Benefits

- The pilot will offer approximately 1,000 customers, selected based on pre-approved criteria, the opportunity to avoid foreclosure and remain in their home for up to three years on a rental basis.
- The pilot program will waive any mortgage deficiency balance; customers may experience less adverse effects on credit ratings; and they are able to avoid the disruption of having to move from their home and neighborhood.
- Customers enter in to a rental agreement where the rental amount is based on the prevailing monthly market rates and set at or below market rates.
- To participate in the program eligible customers will only be required to pay first month's rent at the time of closing.
- All lease terms are guaranteed regardless of subsequent sale of the property to another investor.
- The occupancy of the home is retained and it does not become a distressed property or contribute to neighborhood blight.

Pilot Program Parameters

Eligibility Criteria

- Bank of America first lien only mortgage
- Owner-occupied property
- 60 days or more delinquent
- High loan-to-value; Low debt-to-income ratio
- Ineligible or non-responsive to loan modification offers
- Agreement to execute a deed-in-lieu of foreclosure

Target Pilot Markets

- Arizona
- Nevada
- New York